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## BOOK DEPARTMENT

BULLOCK, EDNA D. and JOHNSEN, JULIA E. *Employment of Women.* Pp. xxxvii, 214. New York, H. W. Wilson, 1920. \$1.25.

PHELPS, EDITH M. *American Merchant Marine.* Pp. xxxvii, 344. New York, H. W. Wilson, 1920. \$1.50.

TALBOT, W. and JOHNSEN, JULIA E. *Americanization.* Pp. lxiv, 373. New York, H. W. Wilson, 1920. \$1.80.

All of these books are second editions of volumes in the Debaters' Handbook Series heretofore reviewed in THE ANNALS. The volume on the *American Merchant Marine* contains a supplement of nearly 150 pages bringing the material up to 1919. There is a similar supplement to the volume on *Employment of Women* bringing the material up to date of publication.

The volume on *Americanization* discusses the principles of Americanism, essentials of Americanization, technique of race-assimilation. It contains a good bibliography. A supplementary section of fifty pages brings the discussion of Americanization up to date. All books are eminently suited to their purpose.

HOBSON, J. A. *Taxation in the New State.* Pp. x, 258. New York, Harcourt, Brace and Howe, 1920.

In most modern states the tendency in taxation has been (1) to draw an increasing proportion of the tax revenue from direct taxes, (2) to do away with specific taxes earmarked for some special public service and (3) to adopt the policy of graduation for direct taxes. A tax to be sound must not remove or impair any instrument or incentive to essential or useful processes of production, nor remove or impair any essential or useful element of consumption.

The phrase "ability to pay" should be changed to "ability to bear." The following groups have no ability to bear taxation and if taxation is placed upon them the tax must be shifted: (1) Standard wages—including wages not only sufficient to keep up physical efficiency but also to keep up standard comforts and pleasures; (2) A minimum rate of interest upon invested capital (the current world rate) to induce the saving class to sacrifice current spending power to save the new capital needed for industrial processes; (3) Standard incomes, differing in each grade of business, for the remuneration of business men; (4) Standard rents of ability, varying with each profession, but sufficient to keep up the various

professional classes. These groups have no true ability to bear taxes and taxes placed upon them must inevitably be shifted.

The real power to bear taxes rests with economic rents, whether "scarcity" or differential rents, and with all interest, profits and other payments for the use of capital, brains or labor which are due to superior economic opportunities including monopolies, quasi monopolies with all business subject to the law of increasing returns.

To attempt to tax the groups who cannot bear taxes is to cause great economic waste and discontent incident to the shifting of these taxes on to those groups able to bear taxes.

Revenues cannot be secured from sources able to bear taxation, without impinging on essential production processes or on consumption standards in quantity sufficient to maintain the interest on the present debt of Great Britain, and to meet the future needs of the state. The author, therefore, urges a levy on capital sufficient to underwrite about seventeen and one-half billion dollars of Britain's existing public debt. His argument for this is not only to lower the burden of an income tax and of other direct taxes in the future but also to make the people in the British Isles the equal competitors of any other group of people. He points out that, whereas preceding the war large quantities of goods were flowing into England yearly as interest on debts due England, now goods must flow out of England to pay the interest on about five billion dollars due to those outside of the British Isles. This outward flow of goods can be brought about only by lowering wages and lowering prices on British goods and to do this will bring about such an unrest as to make ills flowing therefrom outweigh the ills flowing from the levy on capital. The author states that the levy on capital of 50 per cent on war-made wealth would get the sums needed but he believes to levy on war-made wealth alone would be unjust and hence he argues for a levy on all capital. He works out in some detail the process by which this levy can be made.

Such are the tenets and such the main conclusions of the author. As to the power to shift taxes they differ essentially in their general concept of the marginal producer. The author believes that the wage must now be sufficient not only to keep up the race physically but also to get for the working classes those standards of comfort which organized economic and political power can and will now obtain for wage earners. His taxation plan would therefore exclude the

lower income levels in the four groups indicated above from taxation entirely. He would limit taxes primarily to graduated income taxes and graduated inheritance taxes on those able to bear taxes, as above defined.

We no doubt adopt philosophies to justify what we want to do or have decided to do, not as a means of ascertaining what we ought to do. By working out the philosophy to justify the tax system which England is apparently heading toward, this book by Professor Hobson will be of outstanding influence.

CLYDE L. KING.

KEYNES, JOHN MAYNARD. *The Economic Consequences of the Peace.* P. 298. New York, Harcourt, Brace and Howe, 1920.

This book has attracted world-wide attention because of its analysis of Germany's ability to pay and because of its descriptions of the main features and the main actors in the world's greatest drama: the Peace Conference. Two decisions made since the book was written bear out the two main theses of the book which are that the indemnities were in excess of Germany's ability to pay and that the indemnities should be expressed in concrete terms. The indemnity has recently been put at a fixed sum—a sum that reduces the original reparations to 125,000,000 gold marks. The author's economic analysis is significant.

Never before in the history of the world have the forces of civilization been thrust (for the time) into the hands of four men. For this reason the Peace Conference will be dramatized over and over again; and the Big Four will have their motives and their ideals ever reexamined

and reexpressed in the light of later events. It will be all too easy to forget the impelling psychology of the hour which really wrote the treaty. Would the treaty have been substantially different had the personnel of the conference been other than it was? Was not the strength of any individual all too weak to combat the forces of revenge and the demand for "satisfaction" that gave color to the views of all in those days? Have even Americans yet chorused a demand for revising the treaty downward in its demands on Germany? Yet the author's whole argument rests upon the assumption that President Wilson could and should have insisted on a mild treaty that meant ten billions in indemnity in lieu of the forty billions and more in the treaty. The book overemphasizes the relative power and importance of individuals.

CLYDE L. KING.

*University of Pennsylvania.*

REW, SIR HENRY, K.C.B. *Food Supplies in Peace and War.* P. 183. New York, Longmans, Green and Co., 1920.

This is a study of the food supply of Great Britain before, during and after the war. It is written in popular style and in this lies its real value. Emphasis is placed upon the rising living standards of agricultural labor in Great Britain with the inevitable result that prices on agricultural products must be higher relatively in the future to meet this higher living standard. The author expects food production in Europe to come back to pre-war levels certainly by the harvest of 1921.